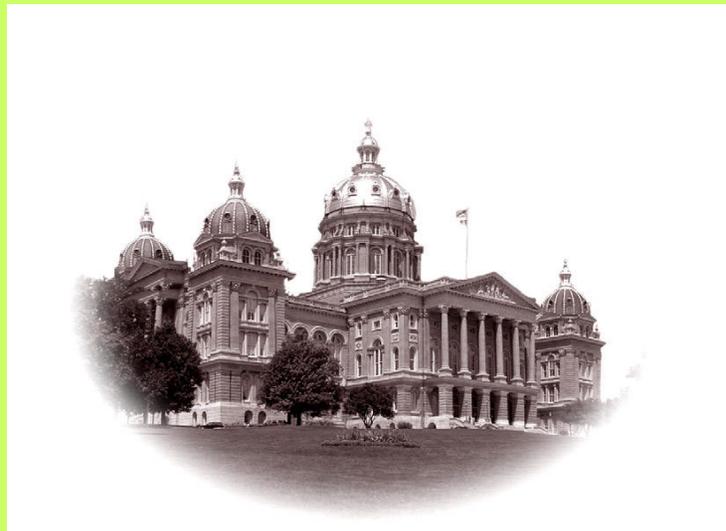


-9- Local Revenue Sources and Cost of Government - Jim Prosser Presentation

Co-Chairs: Senator Joe Bolkcom & Representative Phil Wise

City of Cedar Rapids
September 12, 2007



State/Local Tax Policy Factors

- Controlling cost of government
- Competitive positioning with other states
- Encourage responsible growth
- Balanced tax distribution
- Resources for basic services

Cedar Rapids Finances-10 Fast Facts

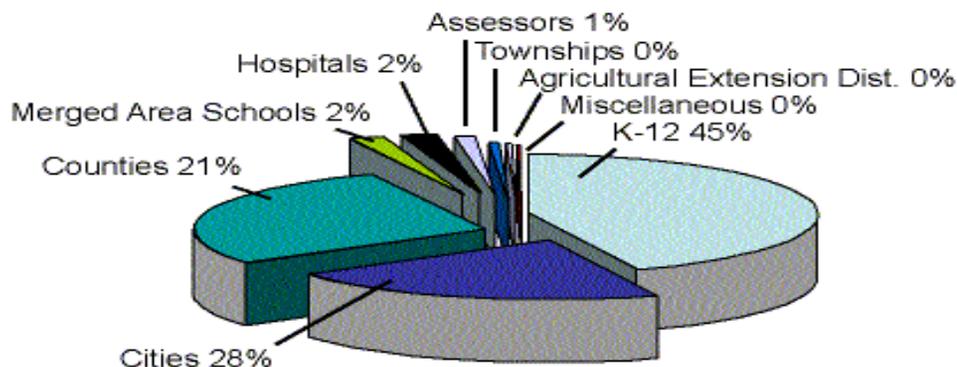
1. Diversified tax base.

- 48.2% Commercial/Industrial in Cedar Rapids; recommended target: 25%-33%.

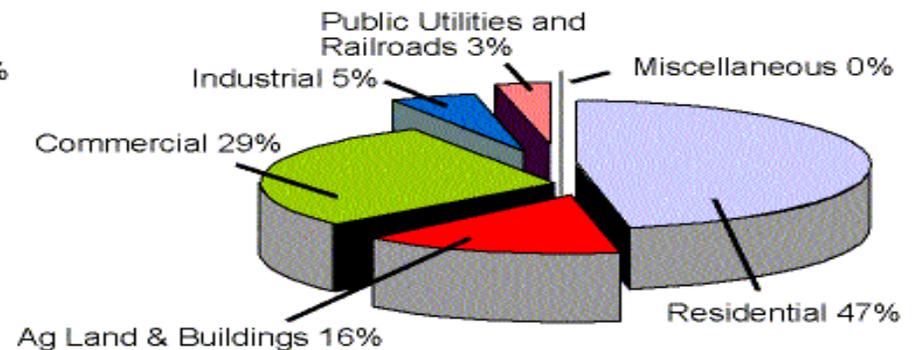
2. Significant tax impact redistribution over past 20 years.

- Residential property taxes cover less than ½ cost of services
- Major shift to Commercial/Industrial tax payers – residential taxable to market value ratio reduced by 25% in 20 years.

How much property tax is collected?



Who pays property tax?



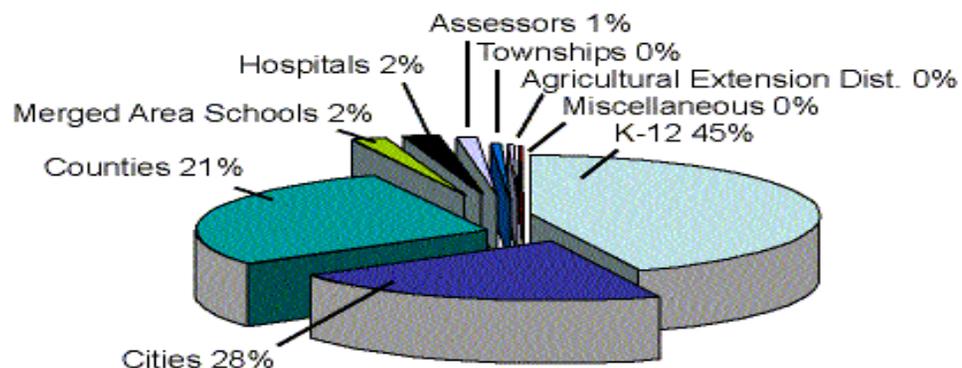
Cedar Rapids Finances-10 Fast Facts

3. Uncompetitive Commercial/Industrial tax burden.

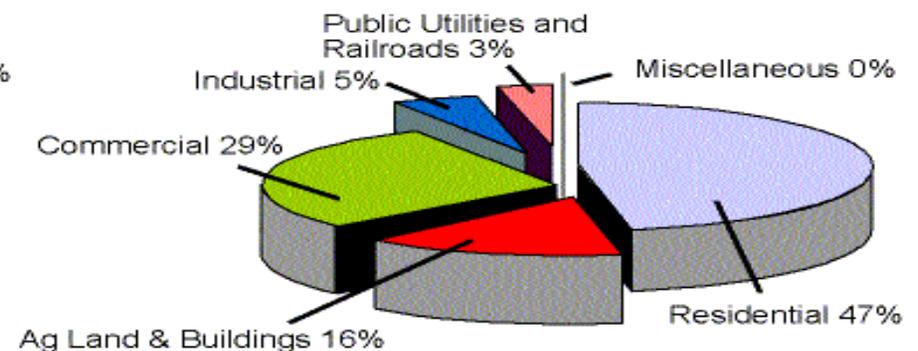
4. Over-reliance on property taxes.

- CR city tax rate among lowest for larger Iowa cities, yet...
- CR property taxes \$100 more per capita than comparison Midwest cities

How much property tax is collected?



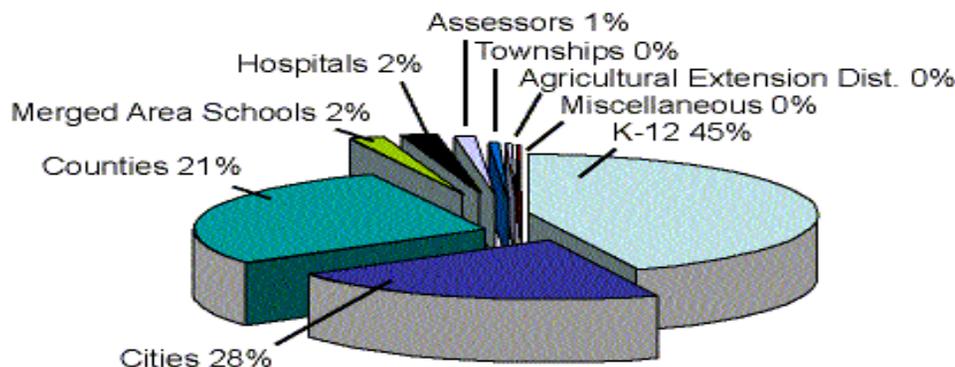
Who pays property tax?



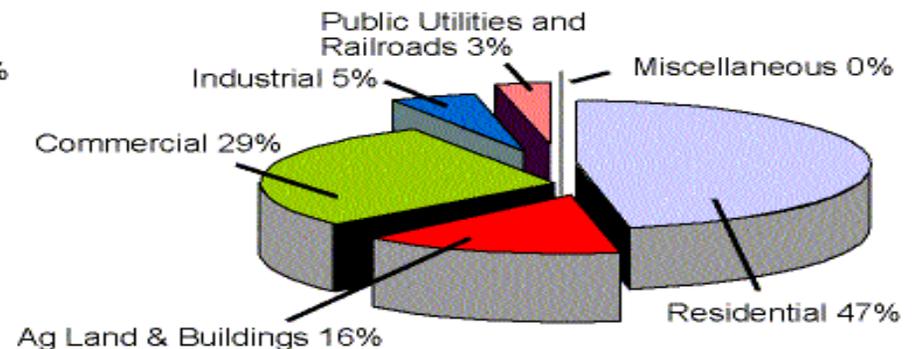
Cedar Rapids Finances-10 Fast Facts

5. Total Cedar Rapids revenues available less than comparison cities in the Midwest.
- CR collects \$290 per capita less in overall taxes for basic services

How much property tax is collected?



Who pays property tax?



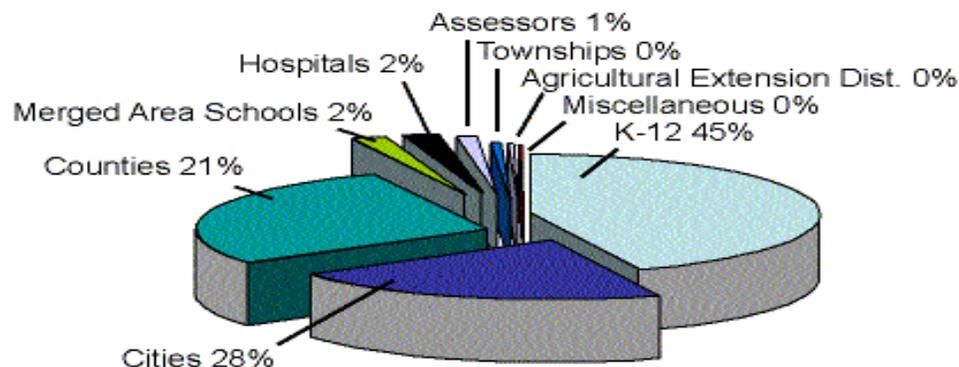
Iowa Cities: Not Competitive For Either Property Tax Or Revenue

	(2000 Census)	Property Tax	Property Taxes Per Capita	Total Revenues Per City	Revenue Per Capita
Green Bay, Wisconsin	102,313	30,185,540	295.03	73,380,620	717.22
Kenosha, Wisconsin	90,352	28,412,059	314.46	37,160,194	411.28
Madison, Wisconsin	208,054	143,174,913	688.16	208,271,770	1,001.05
Racine, Wisconsin	81,855	29,180,227	356.49	77,068,360	941.52
Rockford, Illinois	150,115	30,000,000	199.85	77,774,679	518.1
Aurora, Illinois	142,990	60,262,000	421.44	142,936,885	999.63
Naperville, Illinois	128,358	13,286,289	103.51	92,611,268	721.51
Springfield, Illinois	111,454	14,613,221	131.11	93,306,262	837.17
Kansas City, Kansas	146,866	86,254,357	587.3	102,179,113	695.73
Olathe, Kansas	92,962	13,712,553	147.51	68,252,315	734.2
Overland Park, Kansas	149,080	8,111,600	54.41	92,693,649	621.77
Topeka, Kansas	122,377	11,131,673	90.96	65,302,813	533.62
Duluth, Minnesota	86,918	16,321,413	187.78	112,224,774	1,291.16
Minneapolis, Minnesota	382,618	123,909,458	323.85	327,934,008	857.08
Rochester, Minnesota	85,806	18,003,706	209.82	45,128,624	525.94
St. Paul, Minnesota	287,151	42,086,653	146.57	137,431,287	478.6
Columbia, Missouri	84,531	5,254,175	62.16	52,854,120	625.26
Independence, Missouri	113,288	6,739,205	59.49	62,102,843	548.19
Springfield, Missouri	151,580		0	125,563,234	828.36
St. Louis, Missouri	348,189	46,550,000	133.69	366,381,500	1,052.25
Lincoln, Nebraska	225,581	39,127,580	173.45	123,744,599	548.56
Omaha, Nebraska	390,007	54,058,697	138.61	259,708,380	665.91
Rapid City, South Dakota	59,607	11,155,680	187.15	42,101,014	706.31
Sioux Falls, South Dakota	123,975		0	102,314,133	825.28
Davenport, Iowa	98,359	28,638,926	291.17	38,857,348	395.06
Des Moines, Iowa	198,682	43,765,319	220.28	104,889,220	527.93
Cedar Rapids, Iowa	123,119	39,001,792	316.78	47,795,212	388.2
Average Revenue Per Capita			216.33		703.59
Percent of Total			31%		
Cedar Rapids' Revenues are only 44.83% of the average revenues of all the cities examined					

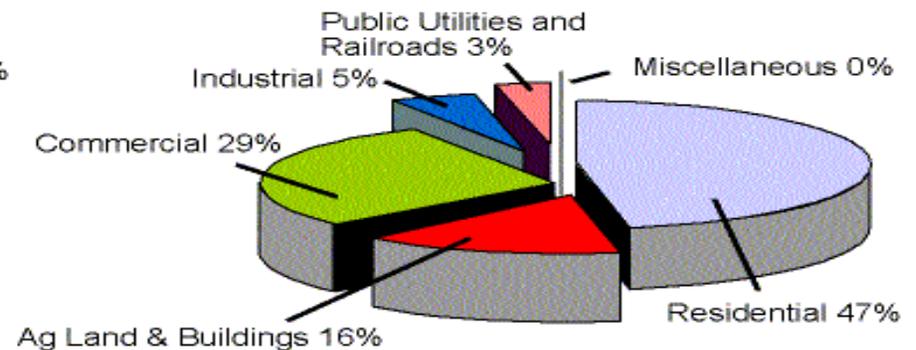
Cedar Rapids Finances-10 Fast Facts

- Residential property taxes cover less than ½ of cost of services.
 - Average property tax for Single Family Home = \$1,000; city services average \$2,500 to \$3,000 per home
- New developments do not cover capital impact costs (expansion of city services).
 - 29 of 50 states authorize impact fees for city and schools. Average impact fee is \$7500

How much property tax is collected?



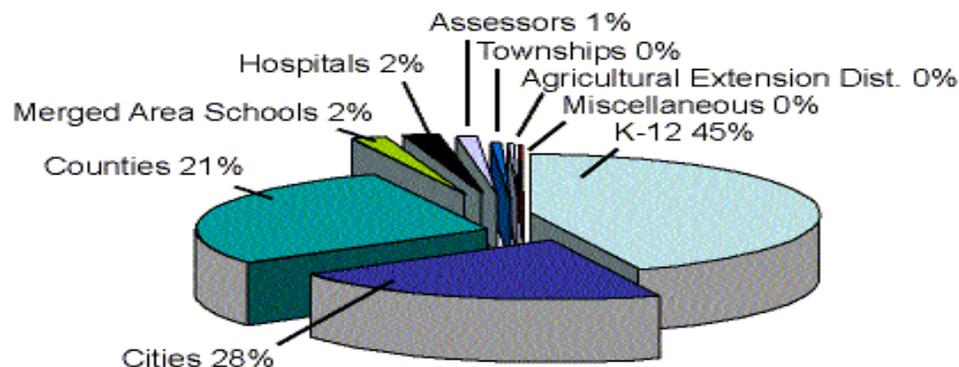
Who pays property tax?



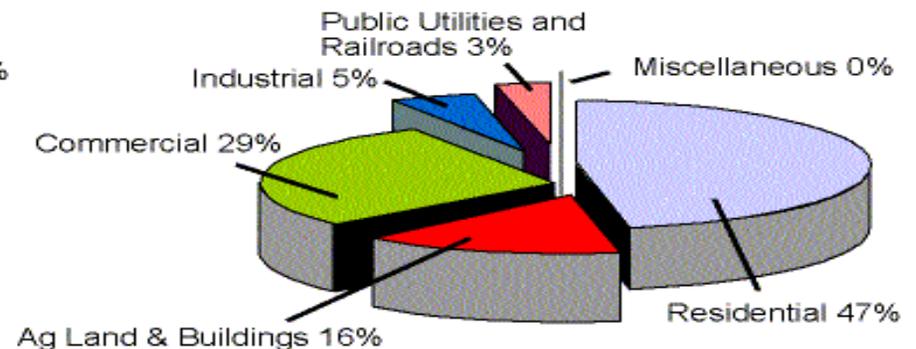
Cedar Rapids Finances-10 Fast Facts

8. Cedar Rapids not fully funding capital replacement and maintenance needs.
 - Annual deferral of approximately \$20M to \$40M
9. Cedar Rapids financial structure will not support continued growth.
10. Statutory debt limitations negatively impact funds for growth
 - No allowance for “double barrel” bonds

How much property tax is collected?



Who pays property tax?



Impact of State Funding Policies

- Iowa cities are over-reliant on property taxes
- Iowa cities lack revenue diversity
- Commercial/Industrial property taxes provide substantial subsidy for residential properties.
- Iowa cities are uncompetitive with other States in regard to Commercial/Industrial property taxes
- State funding policies are limiting municipal economic growth

Best Practices

1. Control cost of government with sustainable development policies
2. Diversify revenue sources with local control and accountability to match city needs and costs
3. Permit cities to buy-down Commercial/Industrial property taxes with other revenues to be competitive with other states
4. Develop incentives for in-fill development
 - Level “playing field” between in-fill and greenfield development

Thank You
&
Questions?